



## Medium Term Revenue and Expenditure Framework.

*Prepared in terms of the Local Government:*

*Municipal Finance Management Act*

*(56/2003): Municipal Budget and Reporting*

*Regulations, Government Gazette 32141, 17*

*April 2009.*

## ANNUAL BUDGET 2017/2018

**“Shared  
prosperity  
through  
co-operative  
participation”**

**SWELLENDAM**

**MUNICIPALITY**

30 MAY 2017

Swellendam Municipality

Table of Contents

GLOSSARY .....III

PART 1 – ANNUAL BUDGET ..... 6

SECTION 1 – MAYOR’S REPORT ..... 6

SECTION 2 - COUNCIL RESOLUTIONS ..... 7

SECTION 3 - EXECUTIVE SUMMARY ..... 8

SECTION 4 - ANNUAL BUDGET TABLES ..... 24

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30 MAY 2017 
Swellendam Municipality

## Glossary

**Adjustments Budget** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**AFS** – Annual Financial Statements.

**Budget** – The financial plan of the Swellendam Municipality.

**Budget Related Policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**CFO** – Chief Financial Officer of Swellendam Municipality

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.



**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**KPI's** – Key Performance Indicators. Measures of service output and/or outcome.

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets** – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

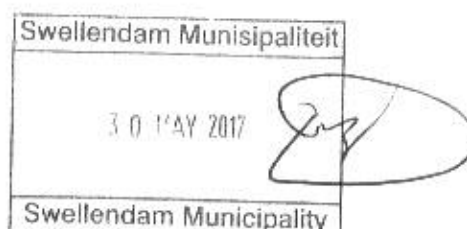
**R&M** – Repairs and maintenance on property, plant and equipment.

**SCM** – Supply Chain Management.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorized expenditure** – Generally, spending without, or in excess of, an approved budget.



**Virement** – A transfer of budget.

**Virement Policy** – The policy that sets out the rules for budget transfers.

**Vote** – One of the main segments into which a budget. In Swellendam Municipality this means at directorate level. The votes for Swellendam therefore are:

- Municipal Manager;
- Corporate Services;
- Financial Services;
- Engineers Services; and
- Community Services

Swellendam Munisipaliteit  
30 MAY 2017  
Swellendam Municipality



v | page



## Part 1 – Annual Budget

### Section 1 – Mayor's Report

**MY COMPREHENSIVE REPORT WILL BE INCLUDED IN THE FINAL BUDGET WHICH WILL BE TABLED AT THE END OF 30 MAY 2017**

For the interim I wish to give a summary of what my intent was with the compiling process of the 2017/18 budget and what we as Council envisage to achieve with it. Broadly, the following principles were followed:

Once again we are reminded that given on-going economic pressures, the revenue side of the municipal budget will continue to be constrained, so we will need to make some very tough decisions on the expenditure side of the budget.

Priority still needs to be given to:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that *public investments, services, regulations and incentives* are focussed in defined spatial areas (spatial targeting) to optimise overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation especially through the jobs fund project;
- Securing the health of the asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants; and
- To implement cost containment measures

Furthermore we must also ensure that the capital budget reflects consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

## Section 2 - Council Resolutions

The Council approved and adopted the following resolutions:

The Council of Swellendam Municipality, acting terms of section 24 of the Municipal Financial Management Act, (Act 56 of 2003) approves and adopts:

The Annual Budget will be presented to council for final approval in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) at the council meeting scheduled for May.

The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

The annual budget as tabled for the financial year 2017/18 also contains the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
- Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
- Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
- Asset management as contained in Section 4 of the annual budget report Table A9; and
- Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.

The proposed tariffs, charges and fees for 2017/ 2018 for property rates; electricity-; water-; sanitation; solid waste services and other services charges as set out in Annexure A.

Budget related policies

The contents of the annual budget is set out in section 17 of the MFMA. In terms of section 17 (3) (e) if the MFMA the budget proposals must also contain proposed amendments to the budget related policies.

The following budget related policies be approved:

1. Client services, Credit Control and Debt Collection Policy
2. Bad Debt Write off Policy
3. Rates Policy
4. Banking, Cash Management and Investment Policy
5. Budget Policy
6. Funding and Reserve Policy
7. Tariff Policy
8. Indigent Support Policy
9. Supply Chain Management Policy Principles and Operational Systems



10. Preferential Procurement Policy
11. Petty Cash Policy
12. Irregular Expenditure
13. Asset Management policy
14. Borrowing policy
15. SCM Policy for Infrastructure Procurement

## Section 3 - Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

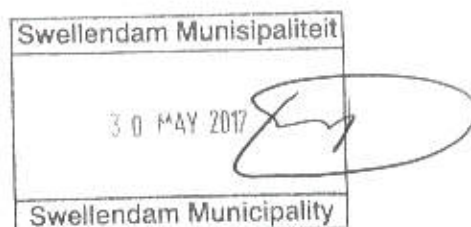
**Table 1 Consolidated Overview**

	Adjustment Budget 16/17 R'000	Original Budget 17/18 R'000	% Change
Total Operating Revenue	219 379	216 521	-1%
Total Operating Expenditure	234 174	232 430	-1%
Surplus/ (Deficit)	-14 795	-15 909	8%
Capital Expenditure	21 405	18 810	-12%

The total operating revenue has decreased by 1% in the 2017/18 financial year when compared to the 2016/17 Adjustment Budget.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 232.430 million, resulting in an operating budgeted deficit of R15.909 million.

However, when the non-cash entries are discounted, a cash surplus of R1.017 million is realized. Therefore the budget is cash funded. The aim of the Municipality must be to reduce the





non-cash budget deficit and increase the contribution to reserves. By doing this more funds will be available for the much needed capital budget.

The capital budget of R 18 810 million for 2017/18 is 12% lower when compared to the 2016/17 Adjustment Budget. The capital budget will be funded from Conditional Grants as well as the Capital Replacement Fund. The Capital Replacement Funds will contribute R4.000 million of the capital expenditure. There is very little scope to accommodate an increase in the existing borrowing levels over the medium-term and for this reason the capital program as reflected in the IDP and consequently requested by the officials in the annual budget input process was absolutely cut to a level which is affordable.

### 3.1 Operating Revenue Framework

For Swellendam to improve the quality of services to its citizens, it needs to generate the required revenue to fund the cost of delivering the services as anticipated. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures, such as employee cost against realistically anticipated revenues.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 2 - Summary of revenue classified by main revenue source**

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>			
Property rates	34 958	37 409	40 032
Service charges - electricity revenue	69 609	73 098	76 761
Service charges - water revenue	14 100	14 769	15 807
Service charges - sanitation revenue	13 068	14 011	15 021
Service charges - refuse revenue	8 113	8 712	9 358
Service charges - other	64	68	72
Rental of facilities and equipment	1 570	1 665	1 764
Interest earned - external investments	2 461	2 609	2 765
Interest earned - outstanding debtors	2 087	2 212	2 344
Dividends received	-	-	-
Fines, penalties and forfeits	26 818	27 347	27 908
Licences and permits	896	949	1 006
Agency services	1 705	1 807	1 916
Transfers and subsidies	37 264	48 139	42 114
Other revenue	1 807	1 916	2 031
Gains on disposal of PPE	2 000	2 000	2 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>216 521</b>	<b>236 710</b>	<b>240 900</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket of the Municipality. Rates and service charge revenues comprise 60,4% of the total revenue mix. The percentage revenue generated from rates and services charges in comparison with total revenue is largely due to the share that the sale of electricity contributes to the total revenue mix. This also clearly indicated that the municipalities revenue base is very dependent on the sales of electricity and thus any external decision impacts on it, influenced the revenue in particular and the entire total budget. This electricity sensitivity is not healthy for the municipality and could have a severe impact if this important revenue resource is threatened by externalities and/or if it is to be withdrawn as a critical function from municipalities. The profit contribution of electricity sales is decreasing every year.

Total grants and transfers represent R52.074 million in the 2017/18 financial year. This amount and the amounts for the outer years are minimum guaranteed transfers from National Government as gazette in the latest DORA. The aforementioned amount has a direct link to expenditure on operational grants, and is only recognized as revenue when the conditions of the transfers made has been met. It might differ from the grants received.

The following table gives a breakdown of the various capital grants and subsidies allocated to the municipality over the medium term as proclaimed in the government gazette:



Table 3 Operating Transfers and Grant Receipts

WC034 Swellendam - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
<b>RECEIPTS:</b>	1, 2			
<b>Operating Transfers and Grants</b>				
<b>National Government:</b>		31 449	33 331	36 483
Local Government Equitable Share		28 201	29 045	31 507
Integrated National Electrification Programme		246	246	860
Finance Management		1 700	1 955	1 955
EPWP Incentive		1 291	—	—
Municipal Systems Improvement		—	—	—
Municipal Infrastructure Grant (MIG)		2 011	2 085	2 161
<b>Provincial Government:</b>		5 815	14 808	5 631
Thuong services		—	100	—
Replacement funding Library		4 675	4 868	5 151
Financial management capacity		50	—	—
Housing		850	9 480	—
Financial management capacity		240	360	480
<b>District Municipality:</b>		—	—	—
<i>(insert description)</i>		—	—	—
<b>Other grant providers:</b>		—	—	—
<i>(insert description)</i>		—	—	—
<b>Total Operating Transfers and Grants</b>	5	37 264	48 139	42 114
<b>Capital Transfers and Grants</b>				
<b>National Government:</b>		14 810	12 175	16 947
Municipal Infrastructure Grant (MIG)		10 056	10 421	10 807
INEP		1 754	1 754	6 140
—		—	—	—
—		—	—	—
Human Settlement		3 000	—	—
<b>Provincial Government:</b>		—	—	—
Other capital transfers/grants <i>(insert description)</i>		—	—	—
<b>District Municipality:</b>		—	—	—
<i>(insert description)</i>		—	—	—
<b>Other grant providers:</b>		—	—	—
<i>(insert description)</i>		—	—	—
<b>Total Capital Transfers and Grants</b>	5	14 810	12 175	16 947
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		52 074	60 314	59 061

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.





National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the upper limit (ceiling) of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

For this reason the existing and prescribed inflation rate of  $\pm 6.1\%$  is merely impossible to be instituted as benchmark to determine the anticipated cost increases. The current challenge facing the Municipality is to manage the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Municipalities have to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring that water and sanitation tariffs are on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure. Water and sanitation tariffs must also be structured to protect basic levels of service, and water and sanitation tariffs are designed to encourage efficient and sustainable consumption. (e.g. through inclining blocks tariffs).

The proposed tariff increases are set at:

- Property rates - 9.5 %
- Electricity - Between 0.2% and 2% ( to be determined by NERSA)
- Water (units) - 6.5%
- Refuse Removal - 8 %
- Sewerage - 8 %

#### Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on income range middle and affordable households, as well as an indigent household receiving free basic services.



Table 5– Household bills

## 1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

WC034 Swellendam - Supporting Table SA14 Household bills

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Budget Year 2017/18 % Incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>				
<b>Monthly Account for Household - 'Middle Income Range'</b>				
<b>Rates and services charges:</b>				
Property rates	9.5%	555.05	591.13	629.55
Electricity: Basic levy	1.9%	275.00	292.87	311.91
Electricity: Consumption	1.5%	1 457.24	1 551.96	1 652.83
Water: Basic levy	32.3%	64.00	68.16	72.59
Water: Consumption	2.0%	250.40	266.67	284.01
Sanitation	8.0%	236.06	251.40	267.74
Refuse removal	8.0%	119.40	127.17	135.43
Other				
<b>sub-total</b>	-	2 957.14	3 149.35	3 354.06
VAT on Services	27.0%	414.00	440.91	469.57
<b>Total large household bill:</b>	-	3 371.14	3 590.26	3 823.63
<b>% increase/decrease</b>		-	6.5%	6.5%

## 2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

WC034 Swellendam - Supporting Table SA14 Household bills

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>				
<b>Monthly Account for Household - 'Affordable Range'</b>				
<b>Rates and services charges:</b>				
Property rates	9.5%	405.16	431.50	459.54
Electricity: Basic levy	1.7%	91.50	97.45	103.78
Electricity: Consumption	1.5%	567.99	604.91	644.23
Water: Basic levy	32.3%	64.00	68.16	72.59
Water: Consumption	2.0%	194.59	207.24	220.71
Sanitation	8.0%	236.06	251.40	267.74
Refuse removal	8.0%	119.40	127.17	135.43
Other				
<b>sub-total</b>	-	1 678.71	1 787.83	1 904.04
VAT on Services	37.8%	235.02	250.30	266.57
<b>Total small household bill:</b>	-	1 913.73	2 038.13	2 170.60
<b>% increase/decrease</b>		-	6.5%	6.5%



### 3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free

WC034 Swellendam - Supporting Table SA14 Household bills

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>				
<b>Monthly Account for Household - 'Indigent'</b>				
<b>Household receiving free basic services</b>				
<b>Rates and services charges:</b>				
Property rates		-	-	-
Electricity: Basic levy		-	-	-
Electricity: Consumption	#DIV/0!	317.99	338.66	360.68
Water: Basic levy		-	-	-
Water: Consumption	#DIV/0!	138.81	147.64	157.44
Sanitation		-	-	-
Refuse removal		-	-	-
Other		-	-	-
<b>sub-total</b>	-	456.80	486.50	518.12
VAT on Services	#NAME?	63.95	68.11	72.54
<b>Total small household bill:</b>	-	520.76	554.61	590.66
<b>% increase/decrease</b>		-	6.5%	6.5%

From the above tables it is evident that the total average increase in the total monthly accounts will be:

1. Middle income group 6.5%/month
2. Low income group 6.5%/month
3. Indigent group 6.5%/month

#### Income forgone (Free Basic Services and other rebates)

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. Rebates and exemptions in terms of sec. 15 of the Municipal Property Rates Act of 2004 are applicable to those who qualify for it in terms of the act.

Currently all residential households receive 6kl water and 20kWh electricity as free basis service.

To receive these rebates and free services the households are required to register in terms of the Municipality's Indigent Policy.

At present there are 1800 indigent households and 175 poor households which are entitled to rebates and subsidies as defined and set out in Councils Credit Control Policy.

The total cost of the social package in respect of the income forgone on free services is largely financed by national government through the local government equitable share received in

terms of the annual Division of Revenue Act. The rebates on the tax are largely discounted as a direct cost.

### 3.2 Operating Expenditure Framework

The following table is a high level summary of the 2017/2018 budget and MTREF (classified per main type of operating expenditure):

**Table 6 - Summary of operating expenditure by standard classification item**

**WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Expenditure By Type</b>			
Employee related costs	85 039	90 904	97 705
Remuneration of councillors	5 124	5 508	5 921
Debt impairment	20 000	20 057	20 116
Depreciation & asset impairment	10 830	11 430	12 053
Finance charges	6 193	6 573	6 972
Bulk purchases	53 280	55 944	58 741
Other materials	14 629	15 509	16 377
Contracted services	–	–	–
Transfers and subsidies	1 482	1 672	1 766
Other expenditure	35 853	44 061	36 417
Loss on disposal of PPE			
<b>Total Expenditure</b>	<b>232 430</b>	<b>251 658</b>	<b>256 068</b>

The budgeted allocation for employee related costs for the 2017/18 financial year totals to R85.039 million, which represents 36% of the total expenditure budget. Based on the guideline, provided by National Treasury, salary increases have been factored into this budget at a percentage increase of CPI plus 1% for the 2017/18 financial year. The implementation of TASK had a substantial influence on the employee related costs.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision for debt impairment was determined based on an annual collection rate of 98 %. The previous financial year the collection rate was over 100% and currently for this financial year it is 100%.

Swellendam Munisipaliteit  
30 MAY 2017  
Swellendam Municipality

The accumulated provision is over funded at present and it was appropriate to lower the budgeted provision accordingly.

Provision for depreciation and asset impairment has been informed by the asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R10.830 million for the 2017/18 financial year and represent 4.7% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges representing 2.7% (R6.193 million) of operating expenditure excluding annual redemption for 2017/18.

Bulk purchases are directly influenced by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly impacting the revenue provisions. The expenditure includes distribution losses. Bulk purchases represent 22.90 % (R53.280 million) of operating expenditure for the 2017/18 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality; as example the operational expenditure on grants and subsidies, repairs and maintenance and other services. Growth on line items other than those linked to grant expenditure has been limited. Further details relating to other expenditure can be seen in Table SA1.

### Repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance are not considered a direct expenditure river but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. At current the Municipality cannot report on the outcome of the different cost drivers combined to Repairs and maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class and reflects only purchase of materials and some contracted services.





**Table 7 - Repairs and maintenance per asset class****WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class**

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
Repairs and maintenance expenditure by Asset Class/Sub-class				
Infrastructure		8 693	9 122	9 633
Roads Infrastructure		2 211	2 271	2 398
Roads		73	11	11
Road Structures		1 874	1 981	2 092
Road Furniture		264	280	295
Capital Spares		–	–	–
Storm water Infrastructure		663	701	740
Drainage Collection		–	–	–
Storm water Conveyance		663	701	740
Attenuation		–	–	–
Electrical Infrastructure		1 291	1 365	1 442
Power Plants		–	–	–
HV Substations		–	–	–
HV Switching Station		–	–	–
HV Transmission Conductors		1 284	1 357	1 433
MV Substations		–	–	–
MV Switching Stations		–	–	–
MV Networks		–	–	–
LV Networks		7	8	8
Capital Spares		–	–	–
Water Supply Infrastructure		2 310	2 442	2 578
Dams and Weirs		10	11	11
Boreholes		–	–	–
Reservoirs		674	713	752
Pump Stations		–	–	–
Water Treatment Works		1 583	1 673	1 767
Bulk Mains		–	–	–
Distribution		43	45	48
Distribution Points		–	–	–
PRV Stations		–	–	–
Capital Spares		–	–	–
Sanitation Infrastructure		1 160	1 227	1 295
Pump Station		–	–	–
Reticulation		353	373	394
Waste Water Treatment Works		807	853	901
Outfall Sewers		–	–	–
Toilet Facilities		–	–	–
Capital Spares		–	–	–
Solid Waste Infrastructure		1 056	1 116	1 179
Landfill Sites		1 056	1 116	1 179
Waste Transfer Stations		–	–	–
Waste Processing Facilities		–	–	–
Waste Drop-off Points		–	–	–
Waste Separation Facilities		–	–	–
Electricity Generation Facilities		–	–	–

<b>Community Assets</b>	<b>1 293</b>	<b>1 413</b>	<b>1 492</b>
Community Facilities	964	1 064	1 124
Halls	215	273	288
Centres	-	-	-
Crèches	-	-	-
Clinics/Care Centres	-	-	-
Fire/Ambulance Stations	161	171	180
Testing Stations	-	-	-
Museums	-	-	-
Galleries	-	-	-
Theatres	-	-	-
Libraries	-	-	-
Cemeteries/Crematoria	116	122	129
Police	-	-	-
Parks	-	-	-
Public Open Space	472	499	527
Nature Reserves	-	-	-
Public Ablution Facilities	-	-	-
Markets	-	-	-
Stalls	-	-	-
Abattoirs	-	-	-
Airports	-	-	-
Taxi Ranks/Bus Terminals	-	-	-
Capital Spares	-	-	-
Sport and Recreation Facilities	329	348	368
Indoor Facilities	-	-	-
Outdoor Facilities	329	348	368
Capital Spares	-	-	-
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Monuments	-	-	-
Historic Buildings	-	-	-
Works of Art	-	-	-
Conservation Areas	-	-	-
Other Heritage	-	-	-
<b>Investment properties</b>	<b>196</b>	<b>207</b>	<b>219</b>
Revenue Generating	196	207	219
Improved Property	-	-	-
Unimproved Property	196	207	219
Non revenue Generating	-	-	-
Improved Property	-	-	-
Unimproved Property	-	-	-
<b>Other assets</b>	<b>526</b>	<b>556</b>	<b>588</b>
Operational Buildings	526	556	588
Municipal Offices	506	535	565
Pay/Enquiry Points	-	-	-
Building Plan Offices	-	-	-
Workshops	-	-	-
Yards	-	-	-
Stores	20	21	23
Laboratories	-	-	-
Training Centres	-	-	-
Manufacturing Plant	-	-	-
Depots	-	-	-
Capital Spares	-	-	-
Housing	-	-	-
Staff Housing	-	-	-
Social Housing	-	-	-
Capital Spares	-	-	-
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Biological or Cultivated Assets	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-
Licences and Rights	-	-	-
Water Rights	-	-	-
Effluent Licenses	-	-	-
Solid Waste Licenses	-	-	-
Computer Software and Applications	-	-	-
Local Settlement Software Applications	-	-	-
Unspecified	-	-	-
<b>Computer Equipment</b>	<b>2 500</b>	<b>2 642</b>	<b>2 790</b>
Computer Equipment	2 500	2 642	2 790
<b>Furniture and Office Equipment</b>	<b>89</b>	<b>94</b>	<b>99</b>
Furniture and Office Equipment	89	94	99

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality



<b>Machinery and Equipment</b>		541	572	604
Machinery and Equipment		541	572	604
<b>Transport Assets</b>		2 536	2 680	2 830
Transport Assets		2 536	2 680	2 830
<b>Libraries</b>		283	299	315
Libraries		283	299	315
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	1	<b>16 656</b>	<b>17 585</b>	<b>18 570</b>

For the 2017/18 financial year, 7.2 % of Repairs and maintenance form part of the total expenditure.

#### Grants made by the municipality

##### WC034 Swellendam - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
<b>Cash Transfers to Organisations</b>				
BYDRAE-LOWER BREEDER RIVER CONS. Donasie		330	349	368
SWELLENDAM TOURIST ORGANISATION		1 152	1 323	1 397
<b>Total Cash Transfers To Organisations</b>		<b>1 482</b>	<b>1 672</b>	<b>1 766</b>
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	<b>1 482</b>	<b>1 672</b>	<b>1 766</b>

### 3.3 Capital expenditure

The table below provides a breakdown of budgeted capital expenditure by vote.

**Table 8 - Capital budget per vote**

WC034 Swellendam - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure</b>	<b>1</b>			
Vote 1 - Municipal Manager		-	-	-
Vote 2 - Corporate Services		211	940	340
Vote 3 - Finance Service		687	1 930	1 730
Vote 4 - Engineers Service		12 967	11 803	16 317
Vote 5 - Community Services		4 945	1 293	1 163
<i>List entity summary if applicable</i>				
<b>Total Capital Expenditure</b>		<b>18 810</b>	<b>15 967</b>	<b>19 550</b>

The table below provides a breakdown of budgeted capital expenditure per asset class.

Table 9 - Capital budget per asset class

WC034 Swellendam - Supporting Table SA34a Capital expenditure on new assets by asset class				
Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1			
Capital expenditure on new assets by Asset Class/Sub-class				
Infrastructure		8 949	8 393	16 047
Roads Infrastructure		130	-	-
Roads		-	-	-
Road Structures		130	-	-
Road Furniture		-	-	-
Capital Spares		-	-	-
Storm water Infrastructure		-	-	-
Drainage Collection		-	-	-
Storm water Conveyance		-	-	-
Attenuation		-	-	-
Electrical Infrastructure		2 255	1 754	6 140
Power Plants		-	-	-
HV Substations		1 754	1 754	6 140
HV Switching Station		-	-	-
HV Transmission Conductors		-	-	-
MV Substations		-	-	-
MV Switching Stations		-	-	-
MV Networks		-	-	-
LV Networks		-	-	-
Capital Spares		501	-	-
Water Supply infrastructure		4 321	3 209	4 853
Dams and Weirs		2 854	-	-
Boreholes		-	-	-
Reservoirs		1 196	2 929	4 853
Pump Stations		90	280	-
Water Treatment Works		180	-	-
Bulk Mains		-	-	-
Distribution		-	-	-
Distribution Points		-	-	-
PRV Stations		-	-	-
Capital Spares		-	-	-
Sanitation Infrastructure		2 193	3 429	5 053
Pump Station		-	-	-
Reticulation		-	-	-
Waste Water Treatment Works		2 193	3 429	5 053
Outfall Sewers		-	-	-
Toilet Facilities		-	-	-
Capital Spares		-	-	-
Solid Waste Infrastructure		50	-	-
Landfill Sites		50	-	-
Waste Transfer Stations		-	-	-
Waste Processing Facilities		-	-	-
Waste Drop-off Points		-	-	-
Waste Separation Facilities		-	-	-
Electricity Generation Facilities		-	-	-
Capital Spares		-	-	-

<b>Community Assets</b>	<b>912</b>	<b>1 863</b>	<b>1 100</b>
<b>Community Facilities</b>	<b>20</b>	<b>800</b>	<b>200</b>
Halls	-	-	-
Centres	-	-	-
Crèches	-	-	-
Clinics/Care Centres	-	-	-
Fire/Ambulance Stations	-	-	-
Testing Stations	-	-	-
Museums	-	-	-
Galleries	-	-	-
Theatres	-	-	-
Libraries	-	-	-
Cemeteries/Crematoria	-	-	-
Police	-	-	-
Ports	-	-	-
Public Open Space	10	-	-
Nature Reserves	-	-	-
Public Ablution Facilities	-	-	-
Markets	-	-	-
Stalls	-	-	-
Abattoirs	-	-	-
Airports	-	-	-
Taxi Ranks/Bus Terminals	-	800	200
Capital Spares	10	-	-
<b>Sport and Recreation Facilities</b>	<b>892</b>	<b>1 063</b>	<b>900</b>
Indoor Facilities	-	-	-
Outdoor Facilities	892	1 063	900
Capital Spares	-	-	-
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Monuments	-	-	-
Historic Buildings	-	-	-
Works of Art	-	-	-
Conservation Areas	-	-	-
Other Heritage	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	-	-	-
Improved Property	-	-	-
Unimproved Property	-	-	-
Non-revenue Generating	-	-	-
Improved Property	-	-	-
Unimproved Property	-	-	-
<b>Other assets</b>	<b>3 850</b>	<b>-</b>	<b>-</b>
Operational Buildings	850	-	-
Municipal Offices	50	-	-
Pay/Enquiry Points	-	-	-
Building Plan Offices	800	-	-
Workshops	-	-	-
Yards	-	-	-
Stores	-	-	-
Laboratories	-	-	-
Training Centres	-	-	-
Manufacturing Plant	-	-	-
Depots	-	-	-
Capital Spares	-	-	-
<b>Housing</b>	<b>3 000</b>	<b>-</b>	<b>-</b>
Staff Housing	-	-	-
Social Housing	3 000	-	-
Capital Spares	-	-	-
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Biological or Cultivated Assets	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-
Licences and Rights	-	-	-
Water Rights	-	-	-
Effluent Licences	-	-	-
Solid Waste Licences	-	-	-
Computer Software and Applications	-	-	-
Land Settlement Software Applications	-	-	-
Unspecified	-	-	-
<b>Computer Equipment</b>	<b>587</b>	<b>1 600</b>	<b>1 600</b>
Computer Equipment	587	1 600	1 600
<b>Furniture and Office Equipment</b>	<b>90</b>	<b>270</b>	<b>270</b>
Furniture and Office Equipment	90	270	270
<b>Machinery and Equipment</b>	<b>260</b>	<b>11</b>	<b>48</b>
Machinery and Equipment	260	11	48
<b>Transport Assets</b>	<b>673</b>	<b>60</b>	<b>65</b>
Transport Assets	673	60	65
<b>Libraries</b>	<b>-</b>	<b>-</b>	<b>-</b>
Libraries	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	<b>-</b>	<b>-</b>	<b>-</b>
Zoo's, Marine and Non-biological Animals	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>15 120</b>	<b>12 194</b>	<b>19 130</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality



For 2017/18 an amount of R 12.253 million has been appropriated for the development of infrastructure which represents 65.14 % of the total capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) whilst Tables SA34a, SA34b, SA34c, SA34d provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal, operational repairs and maintenance and depreciation charges by asset class.

The table below provides a breakdown of budgeted capital expenditure by funding source.

**WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>			
<b>Funded by:</b>				
National Government		14 810	12 176	16 947
Provincial Government				
District Municipality				
Other transfers and grants				
<b>Transfers recognised - capital</b>	<b>4</b>	<b>14 810</b>	<b>12 176</b>	<b>16 947</b>
<b>Public contributions &amp; donations</b>	<b>5</b>			
<b>Borrowing</b>	<b>6</b>			
<b>Internally generated funds</b>		<b>4 000</b>	<b>3 791</b>	<b>2 603</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>18 810</b>	<b>15 967</b>	<b>19 550</b>



## Section 4 - Annual Budget Tables

Section 4 presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as tabled to Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table A1 - Budget Summary**

**WC034 Swellendam - Table A1 Budget Summary**

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>			
<b>Financial Performance</b>			
Property rates	34 608	37 409	40 332
Service charges	134 604	110 608	117 319
Incinerator revenue	2 461	2 809	2 765
Transfers recognised - operational	37 264	48 139	42 114
Other own revenue	38 883	37 856	38 370
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>246 820</b>	<b>236 821</b>	<b>240 900</b>
Employee costs	45 039	40 304	37 725
Remuneration of councillors	5 124	5 506	5 421
Depreciation & asset impairment	10 800	11 430	12 053
Finance charges	5 183	5 573	5 472
Materials and bulk purchases	57 309	71 452	75 118
Transfers and grants	1 482	1 072	1 760
Other expenditure	55 953	64 119	58 534
<b>Total Expenditure</b>	<b>232 430</b>	<b>201 958</b>	<b>209 088</b>
<b>Surplus/(Deficit)</b>	<b>(15 359)</b>	<b>(14 948)</b>	<b>(15 188)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	14 810	12 175	18 947
Contributions recognised - capital & contributed assets	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(1 369)</b>	<b>(2 773)</b>	<b>1 759</b>
Share of surplus/ (deficit) of associates	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(1 369)</b>	<b>(2 773)</b>	<b>1 759</b>
<b>Capital expenditure &amp; funds sources</b>			
Capital expenditure	18 810	15 937	19 550
Transfers recognised - capital	14 810	12 175	18 947
Public contributions & conditions	-	-	-
Borrowing	-	-	-
Internally generated funds	4 930	3 731	2 603
<b>Total sources of capital funds</b>	<b>18 810</b>	<b>15 987</b>	<b>19 550</b>
<b>Financial position</b>			
Total current assets	64 784	73 178	85 917
Total non-current assets	303 136	311 646	319 893
Total current liabilities	33 713	30 293	34 256
Total non-current liabilities	85 230	100 200	105 000
Community wealth/Equity	238 977	248 323	268 555
<b>Cash flows</b>			
Net cash from (used) operating	4 685	15 498	25 758
Net cash from (used) investing	(16 781)	(10 505)	(10 968)
Net cash from (used) financing	(2 735)	(2 903)	(3 255)
<b>Cash/cash equivalents at the year end</b>	<b>20 794</b>	<b>22 875</b>	<b>34 417</b>
<b>Cash backing/surplus reconciliation</b>			
Cash and investments available	20 794	22 875	34 417
Application of cash and investments	4 895	1 503	(2 884)
<b>Balance - surplus (shortfall)</b>	<b>15 899</b>	<b>21 372</b>	<b>37 302</b>
<b>Asset management</b>			
Asset register summary (MTV)	286 300	286 021	295 113
Depreciation	10 800	11 430	12 053
Renewal of Existing Assets	856	525	170
Repairs and Maintenance	16 658	17 685	18 570
<b>Free services</b>			
Cost of free basic Services provided	4 438	4 931	4 451
Revenue cost of free services provided	1 008	4 135	4 452
<b>Households below minimum service level</b>			
Water	-	-	-
Sanitation/sewerage	-	-	-
Energy	-	-	-
Refuse	-	-	-

### Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of how the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.

The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is supposed to be positive over the MTREF.
- b. Capital expenditure is balanced by capital funding sources, of which
  - i. Transfers recognized is reflected on the Financial Performance Budget;
  - ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
  - iii. Internally generated funds are supposed to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The municipality's cash flow should remain positive. The cash flow is **indicating that there is limited cash resources** available to fund the Capital Budget and that the municipality is dependent on borrowing and Government Grants and Subsidies to finance future capital needs
  - iv. This scenario will remain a reality unless Council embarked on a process on building cash reserves which will have a direct impact on future tariffs and taxes to be levied.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

WC034 Swellendam - Table A2 Budgeted Financial Performance (revenue and expenditure by functional class)

Functional Classification Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>			
<i><b>Governance and administration</b></i>	<b>70 359</b>	<b>76 345</b>	<b>81 884</b>
Executive and council	28 243	31 089	33 554
Finance and administration	42 116	45 255	48 330
Internal audit	-	-	-
<i><b>Community and public safety</b></i>	<b>10 051</b>	<b>16 065</b>	<b>6 865</b>
Community and social services	5 131	5 451	5 363
Sport and recreation	974	1 032	1 094
Public safety	64	68	72
Housing	3 882	9 514	36
Health	-	-	-
<i><b>Economic and environmental services</b></i>	<b>43 912</b>	<b>43 760</b>	<b>45 018</b>
Planning and development	1 066	1 130	1 198
Road transport	42 846	42 630	43 820
Environmental protection	-	-	-
<i><b>Trading services</b></i>	<b>107 008</b>	<b>112 715</b>	<b>124 080</b>
Energy sources	71 665	75 157	83 824
Water management	14 147	14 819	15 860
Waste water management	13 083	14 027	15 038
Waste management	8 113	8 712	9 358
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>231 331</b>	<b>248 885</b>	<b>257 847</b>
<b>Expenditure - Functional</b>			
<i><b>Governance and administration</b></i>	<b>64 532</b>	<b>67 052</b>	<b>71 433</b>
Executive and council	22 990	22 838	24 227
Finance and administration	40 388	42 976	45 676
Internal audit	1 154	1 239	1 330
<i><b>Community and public safety</b></i>	<b>18 524</b>	<b>28 740</b>	<b>28 625</b>
Community and social services	8 520	7 028	7 525
Sport and recreation	9 288	10 231	10 955
Public safety	228	241	254
Housing	2 489	11 240	1 680
Health	-	-	-
<i><b>Economic and environmental services</b></i>	<b>46 087</b>	<b>46 613</b>	<b>48 572</b>
Planning and development	3 756	4 029	4 322
Road transport	42 234	42 482	44 143
Environmental protection	96	102	108
<i><b>Trading services</b></i>	<b>98 474</b>	<b>104 040</b>	<b>109 910</b>
Energy sources	65 323	68 721	72 296
Water management	11 187	11 951	12 752
Waste water management	12 758	13 521	14 525
Waste management	9 185	9 747	10 337
<i><b>Other</b></i>	<b>4 813</b>	<b>5 213</b>	<b>5 528</b>
<b>Total Expenditure - Functional</b>	<b>232 430</b>	<b>251 658</b>	<b>256 068</b>
<b>Surplus/(Deficit) for the year</b>	<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>

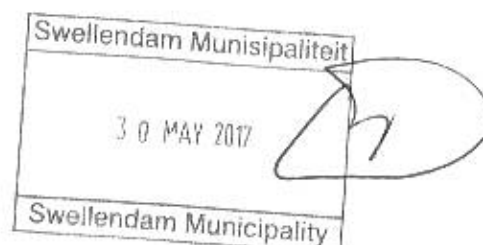
Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

**Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenue (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Executive and Council.





**Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

WC034 Swellendam - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1			
Vote 1 - Municipal Manager		139	147	156
Vote 2 - Corporate Services		29 456	32 376	34 918
Vote 3 - Finance Service		41 830	44 952	48 008
Vote 4 - Engineers Service		112 333	116 540	127 724
Vote 5 - Community Services		47 572	54 870	47 041
<b>Total Revenue by Vote</b>	2	<b>231 331</b>	<b>248 865</b>	<b>257 847</b>
<b>Expenditure by Vote to be appropriated</b>	1			
Vote 1 - Municipal Manager		6 448	6 502	6 917
Vote 2 - Corporate Services		28 832	29 605	31 496
Vote 3 - Finance Service		29 905	32 113	34 261
Vote 4 - Engineers Service		107 723	112 551	119 038
Vote 5 - Community Services		59 521	70 888	64 367
<b>Total Expenditure by Vote</b>	2	<b>232 430</b>	<b>251 658</b>	<b>256 068</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>

**Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This is the level at which Council will approve the budget in terms of Sect 24(2) (c) (iii).



Table A4 - Budgeted Financial Performance (revenue and expenditure)

## WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>			
<b>Revenue By Source</b>				
Property rates	2	34 958	37 409	40 032
Service charges - electricity revenue	2	89 609	73 098	76 761
Service charges - water revenue	2	14 100	14 769	15 807
Service charges - sanitation revenue	2	13 068	14 011	15 021
Service charges - refuse revenue	2	8 113	8 712	9 358
Service charges - other		64	68	72
Rental of facilities and equipment		1 570	1 665	1 764
Interest earned - external investments		2 461	2 509	2 765
Interest earned - outstanding debtors		2 087	2 212	2 344
Dividends received		-	-	-
Fines, penalties and forfeits		26 818	27 347	27 908
Licences and permits		896	949	1 006
Agency services		1 705	1 807	1 916
Transfers and subsidies		37 264	48 139	42 114
Other revenue	2	1 807	1 916	2 031
Gains on disposal of PPE		2 000	2 000	2 000
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>216 521</b>	<b>236 710</b>	<b>240 900</b>
<b>Expenditure By Type</b>				
Employee related costs	2	85 039	90 904	97 705
Remuneration of councillors		5 124	5 508	5 921
Debt impairment	3	20 000	20 057	20 116
Depreciation & asset impairment	2	10 830	11 430	12 053
Finance charges		8 193	6 573	6 972
Bulk purchases	2	53 280	55 844	58 741
Other materials	8	14 629	15 509	16 377
Contracted services		-	-	-
Transfers and subsidies		1 482	1 672	1 766
Other expenditure	4, 5	35 853	44 061	36 417
Loss on disposal of PPE		-	-	-
<b>Total Expenditure</b>		<b>232 430</b>	<b>251 658</b>	<b>256 068</b>
<b>Surplus/(Deficit)</b>		<b>(15 909)</b>	<b>(14 948)</b>	<b>(15 168)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		14 810	12 175	16 947
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-
Transfers and subsidies - capital (in-kind - all)	6	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>
Taxation		-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>
Attributable to minorities		-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>
Share of surplus/ (deficit) of associate		-	-	-
<b>Surplus/(Deficit) for the year</b>	7	<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue amounted to R 216.521 million for 2017/18.
2. Revenue to be generated from property rates is R 34.958 million in the 2017/18 financial year which represents 16.15% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the largest component of the revenue basket of the Municipality totaling R 104.954 million for the 2017/18 financial year and reflecting 48.4 % of the total revenue base.
4. Transfers of operating grants recognized, includes the local government equitable share and other operating grants received from national and provincial government. This revenue only realizing after preset conditions were met. It needs to be noted that the transfers recognize fluctuates due to the nature of expenses in the provincial housing grant.
5. More detail regarding the employee related cost and the remuneration of Councilors are provided in Section 12 of this report.
6. More emphasis will be placed on the Debt impairment; depreciation charges and the Finance charges in Section 10 – Budget Funding.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified and instituted to reduce the impact of wage and bulk tariff increases in future years.



**Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>				
<b>Multi-year expenditure to be appropriated</b>	2			
Vote 1 - Municipal Manager		-	-	-
Vote 2 - Corporate Services		-	-	-
Vote 3 - Finance Service		-	-	-
Vote 4 - Engineers Service		-	-	-
Vote 5 - Community Services		-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-
<b>Single-year expenditure to be appropriated</b>	2			
Vote 1 - Municipal Manager		-	-	-
Vote 2 - Corporate Services		211	940	340
Vote 3 - Finance Service		687	1 930	1 730
Vote 4 - Engineers Service		12 967	11 803	16 317
Vote 5 - Community Services		4 945	1 293	1 163
<b>Capital single-year expenditure sub-total</b>		<b>18 810</b>	<b>15 967</b>	<b>19 550</b>
<b>Total Capital Expenditure - Vote</b>		<b>18 810</b>	<b>15 967</b>	<b>19 550</b>
<b>Capital Expenditure - Functional</b>				
<b>Governance and administration</b>		<b>898</b>	<b>2 870</b>	<b>2 070</b>
Executive and council		20	-	-
Finance and administration		878	2 870	2 070
Internal audit		-	-	-
<b>Community and public safety</b>		<b>4 053</b>	<b>1 123</b>	<b>993</b>
Community and social services		161	60	93
Sport and recreation		892	1 063	900
Public safety		-	-	-
Housing		3 000	-	-
Health		-	-	-
<b>Economic and environmental services</b>		<b>4 399</b>	<b>3 170</b>	<b>170</b>
Planning and development		-	-	-
Road transport		4 399	3 170	170
Environmental protection		-	-	-
<b>Trading services</b>		<b>9 460</b>	<b>8 803</b>	<b>16 317</b>
Energy sources		9 460	8 803	16 317
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>18 810</b>	<b>15 967</b>	<b>19 550</b>
<b>Funded by:</b>				
National Government		14 810	12 176	16 947
Provincial Government		-	-	-
District Municipality		-	-	-
Other transfers and grants		-	-	-
<b>Transfers recognised - capital</b>	4	<b>14 810</b>	<b>12 176</b>	<b>16 947</b>
<b>Public contributions &amp; donations</b>	5	-	-	-
<b>Borrowing</b>	6	-	-	-
<b>Internally generated funds</b>		<b>4 000</b>	<b>3 791</b>	<b>2 603</b>
<b>Total Capital Funding</b>	7	<b>18 810</b>	<b>15 967</b>	<b>19 550</b>



**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relates to expenditure will incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from own funding and government grants and transfers. As mentioned previously the funding source of new borrowings is a remaining problem and is the municipality dependent on the bank sector and there risk assessment process to raise future loans.
5. For 2017/2018, capital transfers from National and Provincial Government amounting to R14.810 million.



## 6. Table A6 -Budgeted Financial Position

WC034 Swellendam - Table A6 Budgeted Financial Position

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
ASSETS				
Current assets				
Cash		20 784	22 876	34 417
Call investment deposits	1	–	–	–
Consumer debtors	1	30 000	36 000	38 000
Other debtors		2 000	2 300	2 500
Current portion of long-term receivables				
Inventory	2	12 000	12 000	12 000
Total current assets		64 784	73 176	86 917
Non current assets				
Long-term receivables				
Investments				
Investment property		19 668	19 668	19 668
Investment in Associates				
Property, plant and equipment	3	278 208	266 948	294 395
Agricultural				
Biological				
Intangible		430	430	430
Other non-current assets		4 900	4 600	4 400
Total non current assets		303 106	311 646	318 893
TOTAL ASSETS		367 890	384 822	405 810
LIABILITIES				
Current liabilities				
Bank overdraft	1		–	–
Borrowing	4	2 800	3 040	3 200
Consumer deposits		1 540	1 542	1 545
Trade and other payables	4	23 373	25 611	23 211
Provisions		6 000	6 100	6 300
Total current liabilities		33 713	36 293	34 256
Non current liabilities				
Borrowing		36 200	33 200	30 000
Provisions		59 000	67 000	75 000
Total non current liabilities		95 200	100 200	105 000
TOTAL LIABILITIES		128 913	136 493	139 256
NET ASSETS	5	238 977	248 329	266 555
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)		230 277	239 879	257 955
Reserves	4	8 700	8 550	8 600
TOTAL COMMUNITY WEALTH/EQUITY	5	238 977	248 329	266 555

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of general recognized accounting practices (GRAP), and assists councilors and management to understand the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international standard which presents Assets less Liabilities as the accounted Community Wealth. The order of items within each group, illustrates its liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be transformed in cash.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



**Table A7 - Budgeted Cash Flow Statement****WC034 Swellendam - Table A7 Budgeted Cash Flows**

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates		2 117	2 227	2 259
Service charges		7 683	8 464	7 890
Other revenue		652	1 030	926
Government - operating	1	8 004	106	1 710
Government - capital	1	-	-	351
Interest		357	434	264
Dividends		-	-	-
<b>Payments</b>				
Suppliers and employees		(18 070)	(10 535)	(11 993)
Finance charges		(411)	(275)	-
Transfers and Grants	1	-	(97)	(60)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>331</b>	<b>1 353</b>	<b>1 328</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE		-	-	-
Decrease (increase) in non-current debtors		-	-	-
Decrease (increase) other non-current receivables		-	-	-
Decrease (increase) in non-current investments		-	-	-
<b>Payments</b>				
Capital assets		(1 102)	(880)	(185)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 102)</b>	<b>(880)</b>	<b>(185)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans		-	-	-
Borrowing long term/refinancing		-	-	-
Increase (decrease) in consumer deposits		-	-	-
<b>Payments</b>				
Repayment of borrowing		(1 350)	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 350)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(2 121)</b>	<b>474</b>	<b>1 143</b>
Cash/cash equivalents at the year begin:	2	44 410	42 289	42 762
Cash/cash equivalents at the year end:	2	42 289	42 762	43 905

Swellendam Munisipaliteit

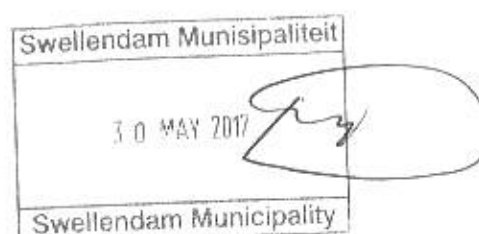
30 MAY 2017

Swellendam Municipality



**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The net effect of budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditure.



**Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation****WC034 Swellendam - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
<b>Cash and investments available</b>				
Cash/cash equivalents at the year end	1	20 784	22 876	34 417
Other current investments > 90 days		-	-	-
Non current assets - Investments	1	-	-	-
<b>Cash and investments available:</b>		<b>20 784</b>	<b>22 876</b>	<b>34 417</b>
<b>Application of cash and investments</b>				
Unspent conditional transfers		-	-	-
Unspent borrowing		-	-	-
Statutory requirements	2			
Other working capital requirements	3	(3 805)	(7 057)	(11 484)
Other provisions				
Long term investments committed	4	-	-	-
Reserves to be backed by cash/investments	5	8 700	8 650	8 600
<b>Total Application of cash and investments:</b>		<b>4 895</b>	<b>1 593</b>	<b>(2 884)</b>
<b>Surplus(shortfall)</b>		<b>15 889</b>	<b>21 283</b>	<b>37 302</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table A9 - Asset Management

WC034 Swellendam - Table A9 Asset Management					
Description		Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>					
<b>Total New Assets</b>		1	15 120	12 197	19 130
Roads Infrastructure			130	-	-
Storm water Infrastructure			-	-	-
Electrical Infrastructure			2 250	1 754	6 140
Water Supply Infrastructure			4 321	3 209	4 859
Sanitation Infrastructure			2 153	3 426	5 053
Solid Waste Infrastructure			60	-	-
Rail Infrastructure			-	-	-
Coastal Infrastructure			-	-	-
Information and Communication Infrastructure			-	-	-
<b>Infrastructure</b>			<b>8 549</b>	<b>8 383</b>	<b>16 047</b>
Community Facilities			20	800	200
Sport and Recreation Facilities			682	1 063	600
<b>Community Assets</b>			<b>702</b>	<b>1 863</b>	<b>7 700</b>
<b>Heritage Assets</b>			<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating			-	-	-
Non-revenue Generating			-	-	-
<b>Investment properties</b>			<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings			950	-	-
Housing			3 000	-	-
<b>Other Assets</b>			<b>3 630</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>			<b>-</b>	<b>-</b>	<b>-</b>
Services			-	-	-
Licences and Rights			-	-	-
<b>Intangible Assets</b>			<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment			957	1 500	1 500
Furniture and Office Equipment			90	270	270
Machinery and Equipment			250	11	48
Transport Assets			673	60	55
Libraries			-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-
<b>Total Renewal of Existing Assets</b>		2	<b>536</b>	<b>520</b>	<b>170</b>
Roads Infrastructure			-	-	-
Storm water Infrastructure			-	-	-
Electrical Infrastructure			-	-	-
Water Supply Infrastructure			250	-	-
Sanitation Infrastructure			120	-	-
Solid Waste Infrastructure			-	-	-
Rail Infrastructure			-	-	-
Coastal Infrastructure			-	-	-
Information and Communication Infrastructure			-	-	-
<b>Infrastructure</b>			<b>470</b>	<b>-</b>	<b>-</b>
<b>Intangible Assets</b>			<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment			-	-	-
Furniture and Office Equipment			96	-	-
Machinery and Equipment			120	150	-
Transport Assets			170	170	170
Libraries			-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-
<b>Total Upgrading of Existing Assets</b>		3	<b>2 434</b>	<b>3 250</b>	<b>250</b>
Roads Infrastructure			2 734	3 000	-
Storm water Infrastructure			-	-	-
Electrical Infrastructure			100	250	250
Water Supply Infrastructure			-	-	-
Sanitation Infrastructure			-	-	-
Solid Waste Infrastructure			-	-	-
Rail Infrastructure			-	-	-
Coastal Infrastructure			-	-	-
Information and Communication Infrastructure			-	-	-
<b>Infrastructure</b>			<b>2 834</b>	<b>3 250</b>	<b>250</b>
<b>Total Capital Expenditure</b>		4	<b>12 253</b>	<b>11 543</b>	<b>15 297</b>
Roads Infrastructure			2 064	3 000	-
Storm water Infrastructure			-	-	-
Electrical Infrastructure			2 355	2 004	6 250
Water Supply Infrastructure			4 411	3 209	4 353
Sanitation Infrastructure			2 173	3 426	5 053
Solid Waste Infrastructure			60	-	-
Rail Infrastructure			-	-	-
Coastal Infrastructure			-	-	-
Information and Communication Infrastructure			-	-	-
<b>Infrastructure</b>			<b>12 253</b>	<b>11 543</b>	<b>15 297</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

Community Facilities	20	800	200
Sport and Recreation Facilities	892	1 063	900
<b>Community Assets</b>	<b>912</b>	<b>1 863</b>	<b>1 100</b>
<b>Heritage Assets</b>	-	-	-
Revenue Generating	-	-	-
Non-revenue Generating	-	-	-
<b>Investment properties</b>	-	-	-
Operational Buildings	650	-	-
Housing	3 000	-	-
<b>Other Assets</b>	<b>3 650</b>	-	-
<b>Biological or Cultivated Assets</b>	-	-	-
Servitudes	-	-	-
Licences and Rights	-	-	-
<b>Intangible Assets</b>	-	-	-
Computer Equipment	587	1 600	1 600
Furniture and Office Equipment	186	270	270
Machinery and Equipment	380	161	48
Transport Assets	843	430	235
Libraries	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>18 810</b>	<b>15 967</b>	<b>19 550</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>		
Roads Infrastructure	80 579	80 579	80 579
Storm water Infrastructure	-	-	-
Electrical Infrastructure	38 308	38 568	38 808
Water Supply Infrastructure	47 807	47 807	47 807
Sanitation Infrastructure	94 759	94 759	94 759
Solid Waste Infrastructure	11 910	11 910	11 910
Rail Infrastructure	-	-	-
Coastal Infrastructure	-	-	-
Information and Communication Infrastructure	-	-	-
<b>Infrastructure</b>	<b>273 362</b>	<b>273 612</b>	<b>273 862</b>
Community Facilities	-	-	-
Sport and Recreation Facilities	-	-	-
<b>Community Assets</b>	-	-	-
<b>Heritage Assets</b>	-	-	-
Revenue Generating	19 668	19 668	19 668
Non-revenue Generating	-	-	-
<b>Investment properties</b>	<b>19 668</b>	<b>19 668</b>	<b>19 668</b>
Operational Buildings	650	-	-
Housing	3 000	-	-
<b>Other Assets</b>	<b>3 650</b>	-	-
<b>Biological or Cultivated Assets</b>	-	-	-
Servitudes	-	-	-
Licences and Rights	430	430	430
<b>Intangible Assets</b>	<b>430</b>	<b>430</b>	<b>430</b>
Computer Equipment	700	1 600	1 600
Furniture and Office Equipment	186	270	270
Machinery and Equipment	80	11	48
Transport Assets	230	430	235
Libraries	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>298 306</b>	<b>296 021</b>



<b>EXPENDITURE OTHER ITEMS</b>				
<b>Depreciation</b>	7	10 830	11 430	12 053
<b>Repairs and Maintenance by Asset Class</b>	3	16 656	17 585	18 570
<i>Roads Infrastructure</i>		2 211	2 271	2 398
<i>Storm water Infrastructure</i>		663	701	740
<i>Electrical Infrastructure</i>		1 291	1 365	1 442
<i>Water Supply Infrastructure</i>		2 310	2 442	2 578
<i>Sanitation Infrastructure</i>		1 160	1 227	1 295
<i>Solid Waste Infrastructure</i>		1 056	1 116	1 179
<i>Rail Infrastructure</i>		-	-	-
<i>Coastal Infrastructure</i>		-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-
<b>Infrastructure</b>		<b>8 693</b>	<b>9 122</b>	<b>9 633</b>
<i>Community Facilities</i>		964	1 064	1 124
<i>Sport and Recreation Facilities</i>		329	348	368
<b>Community Assets</b>		<b>1 293</b>	<b>1 413</b>	<b>1 492</b>
<b>Heritage Assets</b>		-	-	-
<i>Revenue Generating</i>		196	207	219
<i>Non-revenue Generating</i>		-	-	-
<b>Investment properties</b>		<b>196</b>	<b>207</b>	<b>219</b>
<i>Operational Buildings</i>		526	556	588
<i>Housing</i>		-	-	-
<b>Other Assets</b>		<b>526</b>	<b>556</b>	<b>588</b>
<b>Biological or Cultivated Assets</b>		-	-	-
<i>Servitudes</i>		-	-	-
<i>Licences and Rights</i>		-	-	-
<b>Intangible Assets</b>		-	-	-
<b>Computer Equipment</b>		<b>2 500</b>	<b>2 642</b>	<b>2 790</b>
<b>Furniture and Office Equipment</b>		<b>89</b>	<b>94</b>	<b>99</b>
<b>Machinery and Equipment</b>		<b>541</b>	<b>572</b>	<b>604</b>
<b>Transport Assets</b>		<b>2 536</b>	<b>2 680</b>	<b>2 830</b>
<b>Libraries</b>		<b>283</b>	<b>299</b>	<b>315</b>
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>27 486</b>	<b>29 015</b>	<b>30 623</b>

### Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and

maintenance should be 10% of PPE. The Municipality do not meet both the recommendations mainly due to old infrastructure and insufficient water and sewer plants in all the towns.

- The graph below provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the Municipality's capital budget is excessive and will not address the maintenance backlog.

**Table A10 - Basic Service Delivery Measurement**

WC034 Swellendam - Table A10 Basic service delivery measurement

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1			
<b>Water:</b>				
Piped water inside dwelling		6 218	6 303	6 303
Piped water inside yard (but not in dwelling)		-	-	-
Using public tap (at least min.service level)	2	-	-	-
Other water supply (at least min.service level)	4	-	-	-
<i>Minimum Service Level and Above sub-total</i>		6 218	6 303	6 303
Using public tap (< min.service level)	3	-	-	-
Other water supply (< min.service level)	4	-	-	-
No water supply		-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-
<b>Total number of households</b>	5	6 218	6 303	6 303
<b>Sanitation/sewerage:</b>				
Flush toilet (connected to sewerage)		6 122	6 207	6 207
Flush toilet (with septic tank)		-	-	-
Chemical toilet		-	-	-
Pit toilet (ventilated)		-	-	-
Other toilet provisions (> min.service level)		-	-	-
<i>Minimum Service Level and Above sub-total</i>		6 122	6 207	6 207
Bucket toilet		-	-	-
Other toilet provisions (< min.service level)		-	-	-
No toilet provisions		-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-
<b>Total number of households</b>	5	6 122	6 207	6 207
<b>Energy:</b>				
Electricity (at least min.service level)		894	894	894
Electricity - prepaid (min.service level)		5 269	5 354	5 354
<i>Minimum Service Level and Above sub-total</i>		6 163	6 248	6 248
Electricity (< min.service level)		-	-	-
Electricity - prepaid (< min. service level)		-	-	-
Other energy sources		-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-
<b>Total number of households</b>	5	6 163	6 248	6 248
<b>Refuse:</b>				
Removed at least once a week		6 158	6 243	6 243
<i>Minimum Service Level and Above sub-total</i>		6 158	6 243	6 243
Removed less frequently than once a week		-	-	-
Using communal refuse dump		-	-	-
Using own refuse dump		-	-	-
Other rubbish disposal		-	-	-
No rubbish disposal		-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-
<b>Total number of households</b>	5	6 158	6 243	6 243

<b>Households receiving Free Basic Service</b>	7			
Water (6 kilolitres per household per month)		1 800	1 908	2 022
Sanitation (free minimum level service)		1 800	1 908	2 022
Electricity/other energy (50kwh per household per month)		1 800	1 908	2 022
Refuse (removed at least once a week)		1 800	1 908	2 022
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8			
Water (6 kilolitres per indigent household per month)		1 262	1 334	1 409
Sanitation (free sanitation service to indigent households)		4 366	4 628	4 906
Electricity/other energy (50kwh per indigent household per month)		395	418	444
Refuse (removed once a week for indigent households)		2 413	2 550	2 693
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-
<b>Total cost of FBS provided</b>		<b>8 436</b>	<b>8 931</b>	<b>9 451</b>
<b>Highest level of free service provided per household</b>				
Property rates (R value threshold)				
Water (kilolitres per household per month)				
Sanitation (kilolitres per household per month)				
Sanitation (Rand per household per month)				
Electricity (kwh per household per month)				
Refuse (average litres per week)				
<b>Revenue cost of subsidised services provided (R'000)</b>	9			
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)				
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 896	4 165	4 452
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-
Municipal Housing - rental rebates				
Housing - top structure subsidies	6			
Other				
<b>Total revenue cost of subsidised services provided</b>		<b>3 896</b>	<b>4 165</b>	<b>4 452</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.



## Part 2 – Supporting Documentation

### Section 5 - Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the finance portfolio committee members.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 5.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the required timetable on end of August 2016

#### 5.1 Financial Modeling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 has been taken into consideration in the planning and prioritisation process.





## Section 6 - Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.



The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the strategic objectives.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

WC034 Swellendam - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)				
Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
Enhance access to basic services and address maintenance backlogs	Basic service delivery	120 459	125 260	137 090
To create a capacitated people-centered institution	To create a capacitated people-centered institution	4 725	4 921	5 208
To create a safe and healthy living environment	Basic service delivery	29 452	30 140	30 898
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Institutional development and transformation	1 353	1 434	1 520
To enhance economic development with focus on both first and second economies	Economic Development	870	1 029	1 090
To improve financial viability and management	Financial management	41 830	44 952	48 008
To promote good governance and community participation	Good governance and public participation	32 541	41 144	34 058
<b>Allocations to other priorities</b>				
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>231 331</b>	<b>248 885</b>	<b>257 847</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality



**Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

WC034 Swellendam - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
Enhance access to basic services and address maintenance backlogs	Basic service delivery	109 857	114 790	121 382
To create a capacitated people-centered institution	To create a capacitated people-centered institution	12 350	13 240	14 171
To create a safe and healthy living environment	Basic service delivery	43 307	45 325	47 194
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Institutional development and transformation	3 884	4 159	4 453
To enhance economic development with focus on both first and second economies	Economic Development	2 465	2 729	2 902
To improve financial viability and management	Financial management	28 905	32 113	34 251
To promote good governance and community participation	Good governance and public participation	30 662	39 301	51 715
Allocations to other priorities				
<b>Total Expenditure</b>		<b>232 430</b>	<b>251 658</b>	<b>256 068</b>

**Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

WC034 Swellendam - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
Enhance access to basic services and address maintenance backlogs	Basic service delivery	15 798	11 863	16 410
To create a capacitated people-centered institution	To create a capacitated people-centered institution	18	-	-
To create a safe and healthy living environment	Basic service delivery	2 116	1 233	1 070
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Institutional development and transformation	10	-	-
To enhance economic development with focus on both first and second economies	Economic Development	-	800	200
To improve financial viability and management	Financial management	687	1 936	1 730
To promote good governance and community participation	Good governance and public participation	180	140	140
Allocations to other priorities				
<b>Total Capital Expenditure</b>		<b>18 810</b>	<b>15 967</b>	<b>19 550</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

## Section 7 - Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

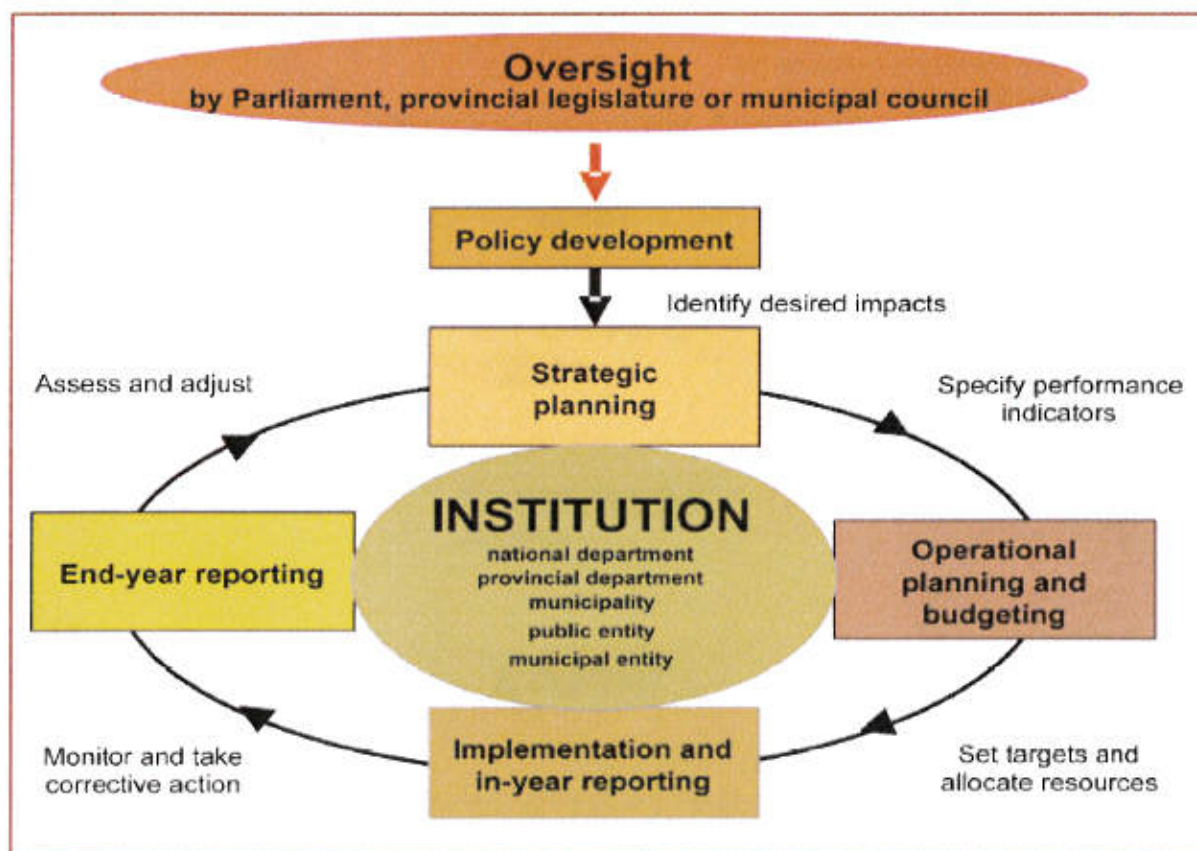


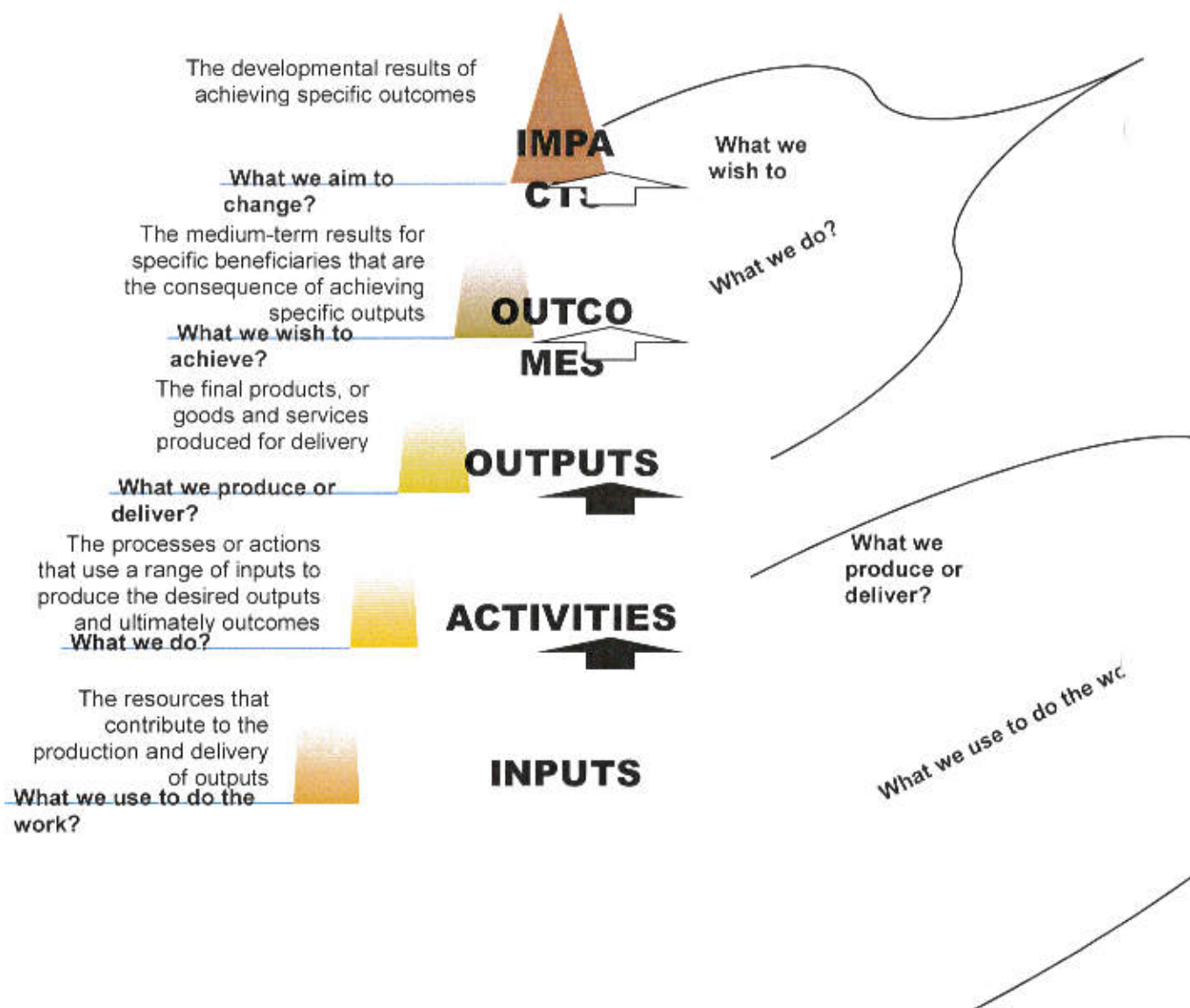
Figure 3 -Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:



- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:



**Figure 4-Definition of performance information concepts**

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

**Table SA8 - Performance indicators and benchmarks**

WC034 Swellendam - Supporting Table SA8 Performance indicators and benchmarks				
Description of financial indicator	Basis of calculation	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>				
Credit Rating				
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.8%	3.6%	4.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.0%	5.0%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%
<b>Safety of Capital</b>				
Gearing	Long Term Borrowing/ Funds & Reserves	416.1%	383.8%	348.8%
<b>Liquidity</b>				
Current Ratio	Current assets/current liabilities	1.9	2.0	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	2.0	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.6	1.0
<b>Revenue Management</b>				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	98.0%	98.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.0%	98.0%	98.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.8%	16.2%	16.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			
<b>Creditors Management</b>				
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(a))			
Creditors to Cash and investments		112.5%	112.0%	87.4%
<b>Other Indicators</b>				
Electricity Distribution Losses (2)	Total Volume Losses (kW)			
	Total Cost of Losses (Rand '000)			
	% Volume (units purchased and generated less units sold)/units purchased and generated			
Water Distribution Losses (2)	Total Volume Losses (kL)			
	Total Cost of Losses (Rand '000)			
	% Volume (units purchased and generated less units sold)/units purchased and generated			
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.3%	38.4%	40.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.6%	40.7%	43.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.7%	7.4%	7.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.9%	7.8%	7.9%
<b>IDP regulation financial viability indicators</b>				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	23.4	23.9	25.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.6%	25.8%	25.5%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	1.3	1.4	2.0

## 7.1 Performance indicators and benchmarks

### 7.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The borrowing strategy must be primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has been stable, while borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator indicates that the capital programme from new borrowings is realistic.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets but more so unrealistic capital programmes from new borrowings.

### 7.1.2 Safety of Capital

The *gearing ratio* is a measure of the total long term borrowings over funds and reserves. The ratio will peaked at 18.51%. As part of the planning guidelines it implicates that the Municipality must ensure proper cash-backing of reserves and funds as a prudent financial sustainability objective and limited new borrowings.

### 7.1.3 Liquidity

*Current ratio* is a measure of the current assets divided by the current liabilities. The ratio increased from 2015/2016 of 1.26 to 1.92 in 2017/2018.

The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The ratio of 1.04 in the 2015/2016 forecast, increased in 2017/18 to 1.57. The ratio is higher than the norm and the municipality will overcome their short term debt.



#### **7.1.4 Revenue Management**

In order to reach the targets and maintains the level of outstanding debtors to revenue, an aggressive revenue management framework must implemented, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of this strategy should be to ensure accurate billing, customer service, credit control and debt collection.

#### **7.1.5 Creditors Management**

For the Municipality to ensure that creditors are settled within the legislated 30 days from date invoice/statement poses to be a challenge. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 % compliance rate to this legislative obligation.

#### **7.1.6 Other Indicators**

Both water and electricity distribution losses are material. Initiatives to ensure that targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.

Employee costs as a percentage of operating revenue amounts to 39.28% for the remainder of MTREF.



## **Section 8 - Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following policies are reviewed.

**7.1 Customer care, Credit control and debt collection policy**

**7.2 Asset Management Policy**

**7.3 Supply Chain Management Policy**

**7.4 Budget Policy**

**7.5 Banking Cash Management and Investment Policy**

**7.6 Tariff Policy**

**7.7 Bad Debt Write-Off Policy**

**7.8 Preferential Procurement Policy**

**7.9 Petty Cash Policy**

**7.10 Irregular Expenditure Policy**

**7.11 Funding and Reserve Policy**

**7.12 Borrowing Policy**

**7.13 Indigent Policy**

**7.14 Rates Policy**

**7.15 SCM Policy for Infrastructure Procurement**

## Section 9 - Overview of budget assumptions

### 9.1 External factors

Swellendam's income base comprises of mostly residential consumers and rate payers of which a material percentage are retired people with a fixed monthly income.

Eskom price increases are an external factor that Council has no control over.

### 9.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
  - The general inflationary outlook and the impact on Municipality's residents and businesses;
  - The impact of municipal cost drivers;
  - The increase in prices for bulk electricity; and
  - The increase in the cost of remuneration.
- Employee related costs comprise 36.45% of total operating expenditure in the forecast for the 2017/18 financial year and therefore these increase (which include salary increases and evaluation of posts) places a disproportionate upward pressure on the expenditure budget.

### 9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing under certain conditions. The 2017/18 MTREF is based on the assumption that no borrowings will be utilised.

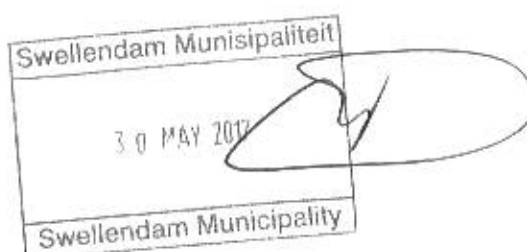
### 9.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as 100% of annual amounts billed.

### 9.5 Salary increases

Refer to paragraph 9.2



## Section 10 - Overview of budget funding

### 10.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Correct and accurate tariffs are imperative in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the delivery of goods and services such as water, electricity, sanitation and solid waste removal. Apart from the services, other revenue i.e., operating grants, building plan fees, licenses and permits, fines etc. are applicable. The rates and taxes will then be the shortfall in revenue, after all the revenue resources have been determined, and will reflect the balancing number.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

- Property rates - 9.5 %
- Electricity - Between 0.6% and 2% (to be determine by NERSA)
- Water - 6.5%
- Refuse Removal - 8%
- Sewerage - 8 %

The tables below provide detail investment information and investment particulars by maturity.



**Table SA15 – Detail Investment Information****WC034 Swellendam - Supporting Table SA15 Investment particulars by type**

Investment type	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Parent municipality</b>			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	20 784	22 876	34 417
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Municipal Bonds	-	-	-
<b>Municipality sub-total</b>	<b>20 784</b>	<b>22 876</b>	<b>34 417</b>
<b>Consolidated total:</b>	<b>20 784</b>	<b>22 876</b>	<b>34 417</b>

**Table SA16 – Investment particulars by maturity**

Not Applicable



## Section 11 - Councilor and employee benefits

Table SA22 - Summary of councilor and staff benefits

WC034 Swellendam - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year +2
	2017/18	+1 2018/19	2019/20
R thousand	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>			
Basic Salaries and Wages	5 124	5 508	5 921
Pension and UIF Contributions	-	-	-
Medical Aid Contributions	-	-	-
Motor Vehicle Allowance	-	-	-
Cellphone Allowance	-	-	-
Housing Allowances	-	-	-
Other benefits and allowances	-	-	-
<b>Sub Total - Councillors</b>	<b>5 124</b>	<b>5 508</b>	<b>5 921</b>
<b>% Increase</b>	<b>-</b>	<b>7.5%</b>	<b>7.5%</b>
<b>Senior Managers of the Municipality</b>			
Basic Salaries and Wages	6 002	6 452	6 936
Pension and UIF Contributions	-	-	-
Medical Aid Contributions	-	-	-
Overtime	-	-	-
Performance Bonus	-	-	-
Motor Vehicle Allowance	-	-	-
Cellphone Allowance	-	-	-
Housing Allowances	-	-	-
Other benefits and allowances	-	-	-
Payments in lieu of leave	-	-	-
Long service awards	-	-	-
Post-retirement benefit obligations	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 002</b>	<b>6 452</b>	<b>6 936</b>
<b>% Increase</b>	<b>-</b>	<b>7.5%</b>	<b>7.5%</b>
<b>Other Municipal Staff</b>			
Basic Salaries and Wages	50 231	53 759	57 788
Pension and UIF Contributions	8 892	9 511	10 224
Medical Aid Contributions	6 586	7 034	7 547
Overtime	3 207	3 447	3 708
Performance Bonus	853	702	754
Motor Vehicle Allowance	4 419	4 623	4 970
Cellphone Allowance	-	-	-
Housing Allowances	591	635	682
Other benefits and allowances	3 521	3 737	4 017
Payments in lieu of leave	935	1 008	1 081
Long service awards	-	-	-
Post-retirement benefit obligations	-	-	-
<b>Sub Total - Other Municipal Staff</b>	<b>79 036</b>	<b>84 452</b>	<b>90 769</b>
<b>% Increase</b>	<b>-</b>	<b>6.9%</b>	<b>7.5%</b>
<b>Total Parent Municipality</b>	<b>90 163</b>	<b>96 412</b>	<b>103 626</b>
	<b>-</b>	<b>6.9%</b>	<b>7.5%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>90 163</b>	<b>96 412</b>	<b>103 626</b>
<b>% Increase</b>	<b>-</b>	<b>6.9%</b>	<b>7.5%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>85 039</b>	<b>90 904</b>	<b>97 705</b>





Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

WC034 Swellendam - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>																
Vote 1 - Municipal Manager		12	14	8	13	13	12	90	136	(40)	(40)	(40)	(40)	139	147	156
Vote 2 - Corporate Services		14 299	2 635	70	2 478	2 640	10 573	2 829	2 601	(2 117)	(2 117)	(2 117)	(2 117)	29 456	32 376	34 918
Vote 3 - Finance Service		350	515	3 657	375	348	408	505	481	8 798	8 798	8 798	8 798	41 830	44 952	48 008
Vote 4 - Engineers Service		7 417	7 045	7 764	8 776	11 121	8 755	8 805	7 208	11 360	11 285	11 285	11 510	112 333	116 540	127 724
Vote 5 - Community Services		2 037	1 893	3 151	1 911	2 144	1 951	3 155	1 976	7 328	7 328	7 328	7 328	47 572	54 870	47 041
<b>Total Revenue by Vote</b>		<b>24 115</b>	<b>12 102</b>	<b>14 649</b>	<b>13 553</b>	<b>16 266</b>	<b>21 740</b>	<b>15 184</b>	<b>12 402</b>	<b>25 330</b>	<b>25 255</b>	<b>25 255</b>	<b>25 480</b>	<b>231 331</b>	<b>248 885</b>	<b>257 847</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Municipal Manager		383	439	639	488	511	628	525	495	570	495	495	719	6 446	6 502	6 917
Vote 2 - Corporate Services		1 216	2 329	2 709	1 386	1 525	2 239	1 541	1 442	3 589	3 589	3 589	3 500	28 832	29 605	31 496
Vote 3 - Finance Service		1 118	1 622	2 215	1 716	1 868	2 988	1 304	1 559	3 884	3 887	3 887	3 859	29 905	32 113	34 251
Vote 4 - Engineers Service		2 825	9 224	10 947	6 790	6 936	9 740	7 146	6 740	11 844	11 853	11 853	11 824	107 723	112 551	119 038
Vote 5 - Community Services		1 921	2 597	4 040	2 368	2 504	4 273	2 555	2 684	9 145	9 123	9 123	9 189	59 521	70 888	64 367
<b>Total Expenditure by Vote</b>		<b>7 462</b>	<b>16 271</b>	<b>20 641</b>	<b>12 748</b>	<b>13 344</b>	<b>19 845</b>	<b>13 071</b>	<b>12 920</b>	<b>29 032</b>	<b>28 957</b>	<b>28 957</b>	<b>29 182</b>	<b>232 430</b>	<b>251 658</b>	<b>256 068</b>
<b>Surplus/(Deficit) before assoc. Taxation</b>		<b>16 653</b>	<b>(4 169)</b>	<b>(5 991)</b>	<b>805</b>	<b>2 922</b>	<b>1 895</b>	<b>2 113</b>	<b>(518)</b>	<b>(3 702)</b>	<b>(3 702)</b>	<b>(3 702)</b>	<b>(3 702)</b>	<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>16 653</b>	<b>(4 169)</b>	<b>(5 991)</b>	<b>805</b>	<b>2 922</b>	<b>1 895</b>	<b>2 113</b>	<b>(518)</b>	<b>(3 702)</b>	<b>(3 702)</b>	<b>(3 702)</b>	<b>(3 702)</b>	<b>(1 099)</b>	<b>(2 773)</b>	<b>1 779</b>





**Table SA28 - Budgeted monthly capital expenditure (municipal vote)**

WC034 Swellendam - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	<b>Multi-year expenditure to be appropriated</b>	1															
	Vote 1 - Municipal Manager																
	Vote 2 - Corporate Services																
	Vote 3 - Finance Service																
	Vote 4 - Engineers Service																
	Vote 5 - Community Services																
	<b>Capital multi-year expenditure sub-total</b>	2															
	<b>Single-year expenditure to be appropriated</b>																
	Vote 1 - Municipal Manager																
	Vote 2 - Corporate Services																
	Vote 3 - Finance Service																
	Vote 4 - Engineers Service																
	Vote 5 - Community Services																
	<b>Capital single-year expenditure sub-total</b>	2															
	<b>Total Capital Expenditure</b>	2															



Table SA29 - Budgeted monthly capital expenditure (standard classification)

WC034 Swellendam - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																	
Description		Ref	Budget Year 2017/18										Medium Term Revenue and Expenditure Framework				
R thousand			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>			<b>1</b>														
<b>Governance and administration</b>																	
	Executive and council		-	2	2	38	12	30	-	-	220	220	220	152	898	2 870	2 070
	Finance and administration		-	-	-	-	-	6	-	-	7	7	7	(8)	20	-	-
	Internal audit		-	2	2	22	12	25	-	-	217	217	217	154	878	2 870	2 070
			-	-	-	15	-	-	-	-	(4)	(4)	(4)	(4)	-	-	-
<b>Community and public safety</b>																	
	Community and social services		-	-	13	-	-	46	-	-	968	968	968	1 088	4 053	1 123	993
	Sport and recreation		-	-	-	-	-	46	-	-	(5)	(5)	(5)	115	161	60	93
	Public safety		-	-	-	-	-	-	-	-	223	223	223	223	892	1 063	800
	Insurance		-	-	-	-	-	-	-	-	750	750	750	750	3 000	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>																	
	Planning and development		-	5	5	1 011	2 030	561	-	0	252	252	252	30	4 399	3 170	170
	Road transport		-	4	5	-	-	-	-	0	0	0	0	(10)	-	-	-
	Environmental protection		-	1	-	1 011	2 030	561	-	-	252	252	252	40	4 395	3 170	170
<b>Trading services</b>																	
	Energy services		-	-	-	-	306	464	-	-	2 067	2 067	2 067	2 287	9 460	8 803	16 317
	Other		-	-	-	-	506	464	-	-	2 067	2 067	2 067	2 287	9 450	8 803	16 317
<b>Total Capital Expenditure - Functional</b>			<b>2</b>	<b>-</b>	<b>7</b>	<b>20</b>	<b>1 049</b>	<b>2 548</b>	<b>1 102</b>	<b>-</b>	<b>3 509</b>	<b>3 509</b>	<b>3 509</b>	<b>3 558</b>	<b>18 810</b>	<b>15 567</b>	<b>19 550</b>
<b>Funded by:</b>																	
<b>National Government</b>																	
	Provincial Government		-	-	7	1 011	2 496	994	-	-	2 575	2 575	2 575	2 575	14 810	12 176	16 947
	District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>																	
	Public contributions & donations		-	-	7	1 011	2 496	994	-	-	2 575	2 575	2 575	2 575	14 810	12 176	16 947
<b>Borrowing</b>																	
	Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	7	13	38	50	62	-	-	945	945	945	964	4 000	3 191	2 603
<b>Total Capital Funding</b>				<b>-</b>	<b>7</b>	<b>20</b>	<b>1 049</b>	<b>2 548</b>	<b>1 056</b>	<b>-</b>	<b>3 520</b>	<b>3 520</b>	<b>3 520</b>	<b>3 569</b>	<b>18 810</b>	<b>15 567</b>	<b>19 550</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

Table SA19 – Expenditure on Transfers and grant programme





WC034 Swellendam - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
EXPENDITURE:	1			
Operating expenditure of Transfers and Grants				
National Government:		31 449	33 331	36 483
Local Government Equitable Share		25 201	29 045	31 507
Integrated National Electrification Programme		248	248	850
Integrated National Electrification Programme		1 700	1 965	1 955
Finance Management		1 291	-	-
EPWP Incentive		-	-	-
		2 011	2 085	2 161
		-	-	-
Provincial Government:		5 815	14 808	5 631
Thuong services		-	100	-
Replacement funding Library		4 875	4 888	5 151
Financial management capacity		50	-	-
Housing		850	9 480	-
Financial management capacity		240	360	480
District Municipality:		-	-	-
<i>[insert description]</i>		-	-	-
		-	-	-
Other grant providers:		-	-	-
<i>[insert description]</i>		-	-	-
		-	-	-
Total operating expenditure of Transfers and Grants		37 264	48 139	42 114
Capital expenditure of Transfers and Grants				
National Government:		14 810	12 175	16 947
Municipal Infrastructure Grant (MIG)		10 056	10 421	10 807
INEP		1 754	1 754	6 140
		-	-	-
		-	-	-
		-	-	-
Human Settlement		3 000	-	-
Provincial Government:		-	-	-
Other capital transfers/grants <i>[insert description]</i>		-	-	-
		-	-	-
District Municipality:		-	-	-
<i>[insert description]</i>		-	-	-
		-	-	-
Other grant providers:		-	-	-
<i>[insert description]</i>		-	-	-
		-	-	-
Total capital expenditure of Transfers and Grants		14 810	12 175	16 947
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		52 074	60 314	59 061

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

### Section 13 - Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.



**Section 14 - Capital expenditure details**

The following tables present details of the Municipality's capital expenditure program.



**Table SA 34a - Capital expenditure on new assets by asset class****WC034 Swellendam - Supporting Table SA34a Capital expenditure on new assets by asset class**

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>			
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>				
<b>Infrastructure</b>		<b>8 949</b>	<b>8 393</b>	<b>16 047</b>
Roads Infrastructure		130	-	-
Roads		-	-	-
Road Structures		130	-	-
Road Furniture		-	-	-
Capital Spares		-	-	-
Storm water Infrastructure		-	-	-
Drainage Collection		-	-	-
Storm water Conveyance		-	-	-
Attenuation		-	-	-
Electrical Infrastructure		2 255	1 754	6 140
Power Plants		-	-	-
HV Substations		1 754	1 754	6 140
HV Switching Station		-	-	-
HV Transmission Conductors		-	-	-
MV Substations		-	-	-
MV Switching Stations		-	-	-
MV Networks		-	-	-
LV Networks		-	-	-
Capital Spares		501	-	-
Water Supply Infrastructure		4 321	3 209	4 853
Dams and Weirs		2 854	-	-
Boreholes		-	-	-
Reservoirs		1 196	2 929	4 853
Pump Stations		90	280	-
Water Treatment Works		180	-	-
Bulk Mains		-	-	-
Distribution		-	-	-
Distribution Points		-	-	-
PRV Stations		-	-	-
Capital Spares		-	-	-
Sanitation Infrastructure		2 193	3 429	5 053
Pump Station		-	-	-
Reticulation		-	-	-
Waste Water Treatment Works		2 193	3 429	5 053
Outfall Sewers		-	-	-
Toilet Facilities		-	-	-
Capital Spares		-	-	-
Solid Waste Infrastructure		50	-	-
Landfill Sites		50	-	-
Waste Transfer Stations		-	-	-
Waste Processing Facilities		-	-	-
Waste Drop-off Points		-	-	-
Waste Separation Facilities		-	-	-
Electricity Generation Facilities		-	-	-
Capital Spares		-	-	-

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

67 | Page



<b>Community Assets</b>	<b>912</b>	<b>1 863</b>	<b>1 100</b>
Community Facilities	20	800	200
Halls	-	-	-
Centres	-	-	-
Crèches	-	-	-
Clinics/Care Centres	-	-	-
Fire/Ambulance Stations	-	-	-
Testing Stations	-	-	-
Museums	-	-	-
Galleries	-	-	-
Theatres	-	-	-
Libraries	-	-	-
Cemeteries/Crematoria	-	-	-
Police	-	-	-
Parks	-	-	-
Public Open Space	10	-	-
Nature Reserves	-	-	-
Public Ablution Facilities	-	-	-
Markets	-	-	-
Stalls	-	-	-
Abattoirs	-	-	-
Airports	-	-	-
Taxi Ranks/Bus Terminals	-	800	200
Capital Spares	10	-	-
<b>Sport and Recreation Facilities</b>	<b>892</b>	<b>1 063</b>	<b>900</b>
Indoor Facilities	-	-	-
Outdoor Facilities	892	1 063	900
Capital Spares	-	-	-
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Monuments	-	-	-
Historic Buildings	-	-	-
Works of Art	-	-	-
Conservation Areas	-	-	-
Other Heritage	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	-	-	-
Improved Property	-	-	-
Unimproved Property	-	-	-
Non-revenue Generating	-	-	-
Improved Property	-	-	-
Unimproved Property	-	-	-

<b>Other assets</b>		<b>3 650</b>	<b>-</b>	<b>-</b>
Operational Buildings		650	-	-
Municipal Offices		50	-	-
Pay/Enquiry Points		-	-	-
Building Plan Offices		600	-	-
Workshops		-	-	-
Yards		-	-	-
Stores		-	-	-
Laboratories		-	-	-
Training Centres		-	-	-
Manufacturing Plant		-	-	-
Depots		-	-	-
Capital Spares		-	-	-
Housing		3 000	-	-
Staff Housing		-	-	-
Social Housing		3 000	-	-
Capital Spares		-	-	-
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
Biological or Cultivated Assets		-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-
Licences and Rights		-	-	-
Water Rights		-	-	-
Effluent Licenses		-	-	-
Solid Waste Licenses		-	-	-
Computer Software and Applications		-	-	-
Local Settlement Software Applications		-	-	-
Unspecified		-	-	-
<b>Computer Equipment</b>		<b>587</b>	<b>1 600</b>	<b>1 600</b>
Computer Equipment		587	1 600	1 600
<b>Furniture and Office Equipment</b>		<b>90</b>	<b>270</b>	<b>270</b>
Furniture and Office Equipment		90	270	270
<b>Machinery and Equipment</b>		<b>260</b>	<b>11</b>	<b>48</b>
Machinery and Equipment		260	11	48
<b>Transport Assets</b>		<b>673</b>	<b>60</b>	<b>65</b>
Transport Assets		673	60	65
<b>Libraries</b>		<b>-</b>	<b>-</b>	<b>-</b>
Libraries		-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		<b>-</b>	<b>-</b>	<b>-</b>
Zoo's, Marine and Non-biological Animals		-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>15 120</b>	<b>12 197</b>	<b>19 130</b>

Table SA34c - Repairs and maintenance expenditure by asset class

## WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>			
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>				
<b>Infrastructure</b>		<b>8 693</b>	<b>9 122</b>	<b>9 633</b>
Roads Infrastructure		2 211	2 271	2 398
Roads		73	11	11
Road Structures		1 874	1 981	2 092
Road Furniture		284	280	295
Capital Spares		-	-	-
Storm water Infrastructure		663	701	740
Drainage Collection		-	-	-
Storm water Conveyance		663	701	740
Attenuation		-	-	-
Electrical Infrastructure		1 291	1 365	1 442
Power Plants		-	-	-
HV Substations		-	-	-
HV Switching Station		-	-	-
HV Transmission Conductors		1 284	1 357	1 433
MV Substations		-	-	-
MV Switching Stations		-	-	-
MV Networks		-	-	-
LV Networks		7	8	8
Capital Spares		-	-	-
Water Supply Infrastructure		2 310	2 442	2 578
Dams and Weirs		10	11	11
Boreholes		-	-	-
Reservoirs		674	713	752
Pump Stations		-	-	-
Water Treatment Works		1 583	1 673	1 787
Bulk Mains		-	-	-
Distribution		43	45	48
Distribution Points		-	-	-
PRV Stations		-	-	-
Capital Spares		-	-	-
Sanitation Infrastructure		1 160	1 227	1 295
Pump Station		-	-	-
Reticulation		353	373	394
Waste Water Treatment Works		807	853	901
Outfall Sewers		-	-	-
Toilet Facilities		-	-	-
Capital Spares		-	-	-
Solid Waste Infrastructure		1 056	1 116	1 179
Landfill Sites		1 056	1 116	1 179
<b>Community Assets</b>		<b>1 293</b>	<b>1 413</b>	<b>1 492</b>
Community Facilities		984	1 064	1 124
Halls		215	273	288
Centres		-	-	-
Crèches		-	-	-
Clinics/Care Centres		-	-	-
Fire/Ambulance Stations		161	171	180
Testing Stations		-	-	-
Museums		-	-	-
Galleries		-	-	-
Theatres		-	-	-
Libraries		-	-	-
Cemeteries/Crematoria		116	122	129
Police		-	-	-
Parks		-	-	-
Public Open Space		472	499	527
Nature Reserves		-	-	-
Public Ablution Facilities		-	-	-
Markets		-	-	-
Stalls		-	-	-
Abattoirs		-	-	-
Airports		-	-	-
Taxi Ranks/Bus Terminals		-	-	-
Capital Spares		-	-	-



Sport and Recreation Facilities	329	348	368
Indoor Facilities	-	-	-
Outdoor Facilities	329	348	368
Capital Spares	-	-	-
<b>Heritage assets</b>	-	-	-
Monuments	-	-	-
Historic Buildings	-	-	-
Works of Art	-	-	-
Conservation Areas	-	-	-
Other Heritage	-	-	-
<b>Investment properties</b>	196	207	219
Revenue Generating	196	207	219
Improved Property	-	-	-
Unimproved Property	196	207	219
Non-revenue Generating	-	-	-
Improved Property	-	-	-
Unimproved Property	-	-	-
<b>Other assets</b>	526	556	588
Operational Buildings	526	556	588
Municipal Offices	508	535	565
Pay/Enquiry Points	-	-	-
Building Plan Offices	-	-	-
Workshops	-	-	-
Yards	-	-	-
Stores	20	21	23
Laboratories	-	-	-
Training Centres	-	-	-
Manufacturing Plant	-	-	-
Depots	-	-	-
Capital Spares	-	-	-
Housing	-	-	-
Staff Housing	-	-	-
Social Housing	-	-	-
Capital Spares	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-
Biological or Cultivated Assets	-	-	-
<b>Intangible Assets</b>	-	-	-
Servitudes	-	-	-
Licences and Rights	-	-	-
Water Rights	-	-	-
Effluent Licenses	-	-	-
Solid Waste Licenses	-	-	-
Computer Software and Applications	-	-	-
Local Settlement Software Applications	-	-	-
Unspecified	-	-	-
<b>Computer Equipment</b>	2 600	2 642	2 790
Computer Equipment	2 600	2 642	2 790
<b>Furniture and Office Equipment</b>	89	94	99
Furniture and Office Equipment	89	94	99
<b>Machinery and Equipment</b>	541	572	604
Machinery and Equipment	541	572	604
<b>Transport Assets</b>	2 538	2 680	2 830
Transport Assets	2 538	2 680	2 830
<b>Libraries</b>	283	299	315
Libraries	283	299	315
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	16 656	17 585	18 570

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

**Section 15 - Other supporting documents****Table SA1 - Supporting detail to budgeted financial performance**

WC034 Swellendam - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

		2017/18 Medium Term Revenue & Expenditure Framework		
Description	Ref	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
<b>REVENUE ITEMS:</b>				
<b>Property rates</b>	6			
Total Property Rates		38 854	41 574	44 484
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 896	4 165	4 452
Net Property Rates		34 958	37 409	40 032
<b>Service charges - electricity revenue</b>	6			
Total Service charges - electricity revenue		70 004	73 516	77 205
less Revenue Foregone (in excess of 50 kwh per indigent household per month)				
less Cost of Free Basis Services (50 kwh per indigent household per month)		395	418	444
Net Service charges - electricity revenue		69 609	73 098	76 761
<b>Service charges - water revenue</b>	6			
Total Service charges - water revenue		15 362	16 103	17 216
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)				
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		1 262	1 334	1 409
Net Service charges - water revenue		14 100	14 769	15 807
<b>Service charges - sanitation revenue</b>				
Total Service charges - sanitation revenue		17 434	18 639	19 927
less Revenue Foregone (in excess of free sanitation service to indigent households)				
less Cost of Free Basis Services (free sanitation service to indigent households)		4 366	4 628	4 906
Net Service charges - sanitation revenue		13 068	14 011	15 021
<b>Service charges - refuse revenue</b>	6			
Total refuse removal revenue		10 526	11 282	12 051
Total landfill revenue				
less Revenue Foregone (in excess of one removal a week to indigent households)				
less Cost of Free Basis Services (removed once a week to indigent households)		2 413	2 550	2 693
Net Service charges - refuse revenue		8 113	8 712	9 358
<b>Other Revenue by source</b>				
Fuel Levy		-	-	-
Change of Phasing		29	31	32
Valuation certificates		171	181	192
Telephone		80	85	90
Tenders		54	57	60
Other Revenue		1 474	1 562	1 656
Total 'Other' Revenue	3	1 807	1 916	2 031
<b>EXPENDITURE ITEMS:</b>				
<b>Employee related costs</b>				
Basic Salaries and Wages	2	58 233	60 210	64 724
Pension and UIF Contributions		8 892	9 511	10 224
Medical Aid Contributions		5 588	7 034	7 547
Overtime		3 207	3 447	3 706
Performance Bonus		653	702	754
Motor Vehicle Allowance		4 419	4 623	4 970
Cellphone Allowance		-	-	-
Housing Allowances		591	635	682
Other benefits and allowances		3 521	3 737	4 017
Payments in lieu of leave		935	1 006	1 081
Long service awards				
Post-retirement benefit obligations				
sub-total	4			
	5	85 039	90 904	97 705
Less: Employees costs capitalised to PPE				
Total Employee related costs	1	85 039	90 904	97 705

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality



<b>Depreciation &amp; asset impairment</b>			
Depreciation of Property, Plant & Equipment	10 830	11 430	12 053
Lease amortisation			
Capital asset impairment			
Depreciation resulting from revaluation of PPE			
<b>Total Depreciation &amp; asset impairment</b>	<b>10 830</b>	<b>11 430</b>	<b>12 053</b>
<b>Bulk purchases</b>			
Electricity Bulk Purchases	53 280	55 944	58 741
Water Bulk Purchases			
<b>Total bulk purchases</b>	<b>53 280</b>	<b>55 944</b>	<b>58 741</b>
<b>Transfers and grants</b>			
Cash transfers and grants	1 482	1 672	1 766
Non-cash transfers and grants	-	-	-
<b>Total transfers and grants</b>	<b>1 482</b>	<b>1 672</b>	<b>1 766</b>
<b>Contracted services</b>			
List services provided by contract			
<b>sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations to organs of state:</b>			
Electricity			
Water			
Sanitation			
Other			
<b>Total contracted services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Expenditure By Type</b>			
Advertising	322	340	359
Agency Fees	6 505	6 876	7 261
Audit Committee Fees	64	68	72
Audit Fees	2 700	2 854	3 014
Bank charges	772	816	862
Consultant fees	1 875	1 981	2 092
Entertainment	185	196	207
Fuel	80	85	89
General expenses	1 223	1 314	1 388
GIS	235	249	263
Grants projects	4 064	11 667	2 182
Insurance	553	584	617
Laboratory services	276	292	309
Legal fees	399	372	393
Licences	214	226	239
Machinery hire	948	1 043	1 102
Meter replacement	142	150	158
Monitoring fees	321	339	358
Repairs and maintenance	2 027	2 076	2 193
Postage	859	908	958
Refuse bags	520	550	581
Security	806	852	899
Shared services	169	198	209
Stationary	662	699	739
Subscriptions	861	910	961
Subsistence and travel cost	641	677	715
Telephone cost	1 815	1 909	2 015
Training	868	926	993
Valuation cost	1 400	300	317
Vehicle running cost	3 351	3 542	3 741
Vehicles rentals	477	504	532
WCA contributions	519	558	600
<b>Total 'Other' Expenditure</b>	<b>35 853</b>	<b>44 061</b>	<b>36 417</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality



<b>Repairs and maintenance</b>	<b>8</b>			
Employee related costs		–		
Other materials		14 629	15 509	16 377
Contracted Services		–		
Other Ex penditure		2 027	2 076	2 193
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>16 656</b>	<b>17 585</b>	<b>18 570</b>

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

76 | Page

**Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

WC034 Swellendam - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Municipal Manager	Vote 2 - Corporate Services	Vote 3 - Finance Service	Vote 4 - Engineers Service	Vote 5 - Community Services	Total
R thousand	1						
<b>Revenue By Source</b>							
Property rates		-	-	34 958	-	-	34 958
Service charges - electricity revenue		-	-	-	69 569	40	69 609
Service charges - water revenue		-	-	-	13 800	-	13 800
Service charges - sanitation revenue		-	-	-	13 068	-	13 068
Service charges - refuse revenue		-	-	-	-	8 113	8 113
Service charges - other		-	-	-	-	64	64
Rental of facilities and equipment		139	147	-	-	1 284	1 570
Interest earned - external investments		-	-	2 461	-	-	2 461
Interest earned - outstanding debtors		-	-	2 087	-	-	2 087
Dividends received		-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	26 818	26 818
Licences and permits		-	-	-	-	896	896
Agency services		-	-	-	-	1 705	1 705
Other revenue		-	1 108	384	188	127	1 807
Transfers and subsidies		-	26 201	1 940	15 408	8 525	52 074
Gains on disposal of PPE		-	2 000	-	-	-	2 000
<b>Total Revenue (excluding capital transfers and contributions)</b>		139	29 456	41 830	112 033	47 572	231 031
<b>Expenditure By Type</b>							
Employee related costs		2 486	11 191	17 587	27 874	25 479	84 616
Remuneration of councillors		-	5 124	-	-	-	5 124
Debt impairment		-	-	-	1 632	18 368	20 000
Depreciation & asset impairment		-	155	683	7 057	2 934	10 830
Finance charges		-	5 789	-	-	405	6 193
Bulk purchases		-	-	-	53 280	-	53 280
Other materials		112	923	1 781	7 731	4 081	14 629
Contracted services		-	-	-	-	-	-
Transfers and subsidies		1 252	330	-	-	-	1 582
Other expenditure		2 299	5 319	9 904	10 188	8 166	35 875
Loss on disposal of PPE		-	-	-	-	-	-
<b>Total Expenditure</b>		6 149	28 830	29 955	107 762	59 433	232 129
<b>Surplus/(Deficit)</b>		(6 010)	626	11 875	4 271	(11 861)	(1 099)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)							-
Transfers and subsidies - capital (in-kind - all)							-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(6 010)	626	11 875	4 271	(11 861)	(1 099)

Swellendam Munisipaliteit

30 MAY 2017

Swellendam Municipality

**SA32 – List of external mechanisms**

The Municipality has none therefore the table is not included

**Section 16 – Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In-year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is in a draft stage and will be finalized after the approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/2018 MTREF.

6. Annual Report

The Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MMC Training

The University of Stellenbosch has proposed a new schedule of dates for the full MMC – programme in 2017 to give those who are busy an opportunity to complete.

8. Policies

Revised policies in terms of the Municipal Budget and Reporting Regulations are tabled with the 2017/2018 MTREF.



**Section 18 - Municipal manager's quality certificate**

I Cecil Africa, Municipal Manager of Swellendam Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

Cecil Africa

Municipal Manager of Swellendam Municipality (WC034)

Signature

Cecil Africa

Date

25/5/2017.





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## SWELLEDAM MUNICIPALITY

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